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Rec'd: September 5, 1960 12:38 p.m.

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FROM: Accra

TO: Secretary of State

NO: 319, September 5, 3 p.m.

DEPTELS 226 and 228

In talks September 3 and 5 I informed President Nkrumah of decisions re USG loans for Volta project.

President seemed surprised it still necessary make detailed application as required Section 517 MSA but accepted it after I explained necessity this formality and assured him it did not mean reconsideration of broad question of loan. He asked whether he should believe some talk that terms of loan to Ghana are less favorable than those accorded certain other countries. I replied negative (and I hope I am right). Those 2 points settled, President was much pleased with outcome of what he called his "first effort to borrow money". He said he had come to USG first because USG is his first friend; he had always kept faith USG would help him and this had been justified. He did not say directly but clearly indicated this would confound some persons who had been cynical about USG help. He especially wanted remind them this USG loan is money for shopping among competitive US suppliers as contrasted with loan offered by another government which itself would be sole bidder. He agreed this was important factor in comparing interest rates and tied aspects of loans. President added he had word from Kaiser which makes it desirable for GOGHANA representative (probably Ayeh-Kumi) go Washington mid-September to try resolve question of power rate. President hoped USG would use its good offices make sure this question does not wreck project. I myself feel it would be severe loss to US and West if in end Ghana had to turn elsewhere to get Volta project started.

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